

Continue the scenario. Jon and Karen are married and filed a joint return. Their modified AGI on line 22 of their Form 1040A is \$62,000. Their tax liability on Line 28 is \$5,634. Their tentative Hope credit from line 2 in Part I of Form 8863 is \$1,500. Complete Part III of their Form 8863.

Scroll down to enter information in Part III, lines 7 through 17 to calculate the amount of their Hope credit.

Without closing the PDF window, return to the lesson screen and click Check My Answer.

Education Credits
(Hope and Lifetime Learning Credits)

► See instructions.
► Attach to Form 1040 or Form 1040A.

OMB No. 1545-1618

2005

Attachment
Sequence No. **50**

Name(s) shown on return

Your social security number

Caution: You **cannot** take both an education credit and the tuition and fees deduction (Form 1040, line 34, or Form 1040A, line 19) for the **same student** in the same year.

Part I Hope Credit. **Caution:** You **cannot** take the Hope credit for more than **2** tax years for the **same student**.

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,000 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,000	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III ►					2

Part II Lifetime Learning Credit

3	Caution: You cannot take the Hope credit and the lifetime learning credit for the same student in the same year.	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)
4	Add the amounts on line 3, column (c), and enter the total			4
5	Enter the smaller of line 4 or \$10,000			5
6	Tentative lifetime learning credit. Multiply line 5 by 20% (.20) and go to Part III ►			6

Part III Allowable Education Credits

7	Tentative education credits. Add lines 2 and 6		7
8	Enter: \$107,000 if married filing jointly; \$53,000 if single, head of household, or qualifying widow(er)	8	
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22	9	
10	Subtract line 9 from line 8. If zero or less, stop ; you cannot take any education credits	10	
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	11	
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)		12
13	Multiply line 7 by line 12 ►	13	
14	Enter the amount from Form 1040, line 46, or Form 1040A, line 28	14	
15	Enter the total, if any, of your credits from Form 1040, lines 47 through 49, or Form 1040A, lines 29 and 30	15	
16	Subtract line 15 from line 14. If zero or less, stop ; you cannot take any education credits ►	16	
17	Education credits. Enter the smaller of line 13 or line 16 here and on Form 1040, line 50, or Form 1040A, line 31 ►		17

* If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.